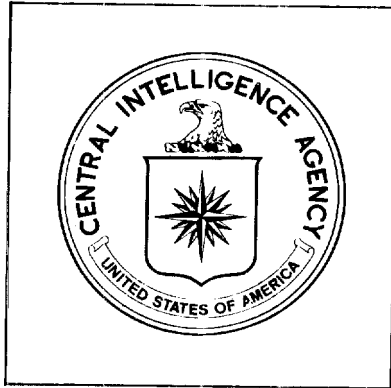


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STAFF NOTES:

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WESTERN EUROPE — CANADA — INTERNATIONAL ORGANIZATIONS

This publication is prepared for regional specialists in the Washington community by the Western Europe Division, Office of Current Intelligence, with occasional contributions from other offices within the Directorate of Intelligence. Comments and queries are welcome. They should be directed to the authors of the individual articles.

CONTENTS

Turks Remove Liaison Officers From US Military Aid Mission	1
French Official Fears Western Cave-In at CSCE	2-4
Ottawa Wrestling With Problem of Natural Gas Exports and Prices	5
West German Chancellor To Visit China and Iran	6
Spanish Prime Minister Beset by Difficulties	7-8

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February 19, 1975

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Turks Remove Liaison Officers From US Military
Aid Mission

Turkey withdrew its liaison officers from the US military aid mission in Ankara yesterday in what may be a preliminary move to asking the joint US military advisory team to withdraw from Turkey.

Several reports have suggested that the US military advisers would be one of the first targets of any Turkish move to retaliate against the US for the halt in military assistance.

25X1C [REDACTED] that the defense minister in former prime minister Ecevit's government is recommending that the removal of the US advisory team would be the ideal retaliatory action.

He reasons that the military group plays no active defense role in Turkey and its removal would not seriously affect Turkish military capabilities or seriously change Turkey's military relations with the US.

The move would be one type of superficial, attention-getting alteration in relations that would be seen by the Turkish people as "a slap at the US." He provided no other examples of such attention-getting moves.

The US military advisory team is an obvious target because it plays no significant role while aid is suspended. The action against it can be easily reversed if the situation changes.

Other reports have indicated that Turkey planned no major retaliatory moves against the US before the end of February. When the major moves come, they reportedly will be phased, with each step being more drastic and more difficult to reverse than the previous one. (Secret No Foreign Dissem/Controlled Dissem)

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French Official Fears Western Cave-In at
CSCE

A French foreign ministry official thinks that the Western side may suffer a failure of nerve toward the end of this stage of the European security conference and abandon some of the negotiating goals now held to be most important.

The official--whose thinking is probably representative of working-level opinion in the ministry--told a US embassy officer that the West might well end up yielding to the Soviets on military "confidence-building measures," one of the major outstanding issues at the conference. The West Germans, according to the Frenchman, might give in if in return they could get an adequate formulation on peaceful change of borders. The UK might trade "confidence-building measures" for a compromise on follow-up procedures for CSCE. The French themselves, the official thought, would probably go along with concessions the other Western countries were willing to make.

The French official said, however, that he hoped the West would seize the opportunity to take a firm stand and bargain hard for its goals. The delays caused recently by the Soviets, he believes, make it more likely that the conference will conclude next fall than this spring, as many in Geneva are assuming. The West can use such a delay to its advantage, the official thinks, since the East is under a number of time pressures. The Frenchman believes that Moscow wants the substantive work of CSCE concluded in time for ceremonies in early May to mark the thirtieth anniversary of the end of World War II, and that Brezhnev wants a CSCE summit prior to the twenty-fifth Soviet party congress.

February 19, 1975

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Other Western participants probably share the Frenchman's fear of a massive Western cave-in. They fully realize that the Soviets are trying to postpone the resolution of as many issues as possible until the last minute in the hope that Western goals will disappear in hectic bargaining, but they are uncertain of what tactics to use to head off such a scenario. The EC Nine had agreed to try telling the Soviets that progress on security principles of interest to Moscow depended on progress on "confidence-building measures" desired by the West. Although a demarche was made informally to the Soviets, the Nine have now backed away from this tactic, partly because of the case made by the US that the Soviets might as a result become even more intransigent. Should the Soviets end their almost absolute blockage of conference progress--and there were signs last week that they may be ready to begin bargaining meaningfully--the Western tactical dilemma would be eased.

2

Even if the remaining conference issues are resolved gradually, a number of Western negotiating goals will probably be lost along the way. For the record, most of the Western participants are still holding fast to their traditional positions, as the EC foreign ministers did in their meeting last Thursday. But there have recently been signs in Geneva that the Western participants are weary of the conference and in a mood to compromise. (Staff Notes, Feb. 6, 1975). Several of them have said publicly that they favor a summit-level conclusion to the conference if results are "acceptable," and the definition of "acceptable" is becoming less and less rigorous.

2

The growing willingness of the West Europeans to end CSCE on practically any terms short of a total sell-out probably reflects their realization that the conference, which several of them had thought might go some distance toward opening up Eastern Europe to Western influences, will probably make very little practical difference.


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February 19, 1975

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25X1A 2 } However, the remarks of the French official may indicate that some West Europeans are beginning to worry about the adverse impact on Western public opinion of CSCE results that could appear to be in line with Soviet desires. (Secret No Foreign Dissem./Background Use Only)



February 19, 1975

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Ottawa Wrestling With Problem of
Natural Gas Exports and Prices

Reports that Ottawa is considering a cut in exports of natural gas to the US and a steep rise in gas prices to domestic consumers has prompted concern in parliament and the press.

In reply to questions in parliament about possible retaliatory measures by the US, Energy Minister Macdonald said that the US had expressed concern about gas supplies but there had been no hint of retaliation. He added, however, that while Canada would do its best to provide the US with gas supplies, any suggestion of retaliation would discourage Canada from cooperating with the US in trying to assure delivery of gas.

In response to a question concerning the legality of a unilateral Canadian cut in deliveries of natural gas supplies to the US provided for under long-term contracts, Macdonald said the terms of the export contract specify that the gas should be surplus to the reasonable requirements of the Canadian market and that export permits can be renegotiated. According to Macdonald, this would have the effect of renouncing the contract by force majeure.

An official in the Department of Energy, Mines and Resources has confirmed a press story that Ottawa also plans to propose to parliament and the provinces a four-stage rise in the price of domestic natural gas. The plan could raise consumer bills as much as fifty percent this year and over 200 percent in certain areas in 1978. The proposed rise is designed to bring domestic natural gas prices up to the level of domestic crude oil prices, in order to provide the petroleum industry with more funds to seek additional gas and to develop the costly Arctic reserves. (Confidential No Foreign Dissem)

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West German Chancellor To Visit China and Iran

1 + 2 | Chancellor Schmidt's visit to China, now scheduled for March 30-April 3, will mark the second visit to China this year by a top West German political leader. In planning for the trip, Bonn officials have tried to ensure that the treatment of Schmidt is no less favorable than that accorded Germany's leading conservative spokesman, Franz-Josef Strauss, during his visit to Peking last month. The Chinese permitted Strauss to meet Chairman Mao, and Bonn hopes a similar meeting can be arranged for the Chancellor.

1 ↓ 2 | Schmidt's decision to proceed with the trip now reflects in part his desire to bolster the political fortunes of his Social Democratic Party with highly visible activity in foreign affairs. As part of this effort, he also plans a brief stop-over in Tehran to discuss joint economic cooperation and energy-related matters with the Shah.

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February 19, 1975

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Spanish Prime Minister Beset by Difficulties

Prime Minister Arias' program to liberalize the political system has received a setback.

The decision this week of the moderate reformist politician, Manuel Fraga Iribarne, not to form a political association is likely to discourage other moderates from applying under terms of the new law permitting the development of rudimentary political organizations. On a visit to Madrid this week from his post as Spain's ambassador to London, Fraga was advised that rightist elements in the National Council of the regime's National Movement opposed the formation of an association led by Fraga. This opposition made it doubtful that Fraga would get the required approval from the council.

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[REDACTED] told Fraga that Arias himself is under fire from the rightists and is not now in a position to give Fraga the guarantees he sought. [REDACTED] also said that Arias had been forced to cancel a speech on February 12 marking the first anniversary of the announcement of his liberalization program. Arias is being criticized for his failure to control labor and student unrest. Nevertheless, Arias plans to hold a televised press conference on February 26 at which time he intends to make a cautious defense of his program.

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Arias is continuing to fight his critics on the left and the right. In an interview published today, Arias reiterated his intention to carry out long-term political reforms. He said that General Franco--although still in good health for his 82 years--can no longer bear the sole responsibility for political innovation and that all Spaniards must take joint responsibility

February 19, 1975

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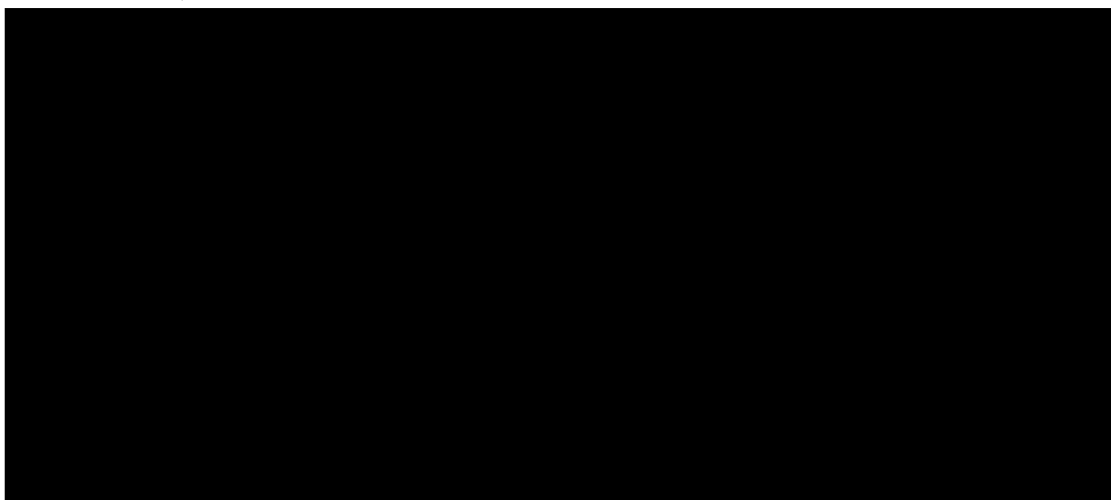
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3 | and join in reform. But Arias added that the government will not yield under the pressure of politically-motivated strikes. In another move, he dismissed two rightist critics--the head of the National Movement's radio and press department and the editor of its newspaper--for failure to support his program.

4 | As industrial strike activity continues, the major clandestine labor groups have issued a call for demonstrations tomorrow in the Madrid area. The call is primarily directed at white collar and service workers, who until recently have not participated in strikes. The planners hope that if this "day of struggle" has even limited success, it could be a rehearsal for a general strike later on. Such politically-motivated demonstrations have rarely been successful in the past but might attract wider support in the present atmosphere of labor unrest.

4 | The government may act to reduce tension by issuing a decree granting a limited right to strike. The labor minister announced last week that such a decree is almost ready. The specter of dealing with white-collar strikers might soften rightist opposition to such a decree. (Secret No Foreign Dissem/Controlled Dissem)

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February 19, 1975

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